

SENATE BILL 608

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1999 Regular Session
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CF 9lr2495

By: **Senators Haines and Ferguson (Carroll County Senators)**

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 26, 1999

CHAPTER _____

1 AN ACT concerning

2 **Carroll County - Public Facilities Bonds**

3 FOR the purpose of authorizing and empowering the County Commissioners of
4 Carroll County, from time to time, to borrow not more than \$28,500,000 in order
5 to finance the construction, improvement, or development of certain public
6 facilities in Carroll County, as herein defined, and to such borrowing by the
7 issuance and sale at public or private sale of its general obligation bonds in like
8 par amount empowering the County to fix and determine, by resolution, the
9 form, tenor, interest rate or rates or method of determining the same, terms,
10 conditions, maturities, and all other details incident to the issuance and sale of
11 the bonds; empowering the County to issue refunding bonds for the purchase or
12 redemption of bonds in advance of maturity; empowering and directing the
13 County to levy, impose, and collect, annually, ad valorem taxes in rate and
14 amount sufficient to provide funds for the payment of the maturing principal of
15 and interest on the bonds; exempting the bonds and refunding bonds and the
16 interest thereon and any income derived therefrom from all State, county,
17 municipal, and other taxation in the State of Maryland; providing that nothing
18 in this Act shall prevent the County from authorizing the issuance and sale of
19 bonds the interest on which is not excludable from gross income for federal
20 income tax purposes; and relating generally to the issuance and sale of such
21 bonds.

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That, as used herein, the term "County" means the body politic and
24 corporate of the State of Maryland known as the County Commissioners of Carroll
25 County, and the term "construction, improvement, or development of public facilities"
26 means the acquisition, alteration, construction, reconstruction, enlargement,
27 equipping, expansion, extension, improvement, rehabilitation, renovation, upgrading,

1 and repair of public buildings and facilities and public works projects, including, but
2 not limited to, public works projects such as roads, bridges and storm drains, public
3 school buildings and facilities, landfills, Carroll Community College buildings and
4 facilities, public operational buildings and facilities such as buildings and facilities for
5 County administrative use, public safety, health and social services, libraries, refuse
6 disposal buildings and facilities, and parks and recreation buildings and facilities,
7 together with the costs of acquiring land or interests in land as well as any related
8 architectural, financial, legal, planning, or engineering services.

9 SECTION 2. AND BE IT FURTHER ENACTED, That the County is hereby
10 authorized to finance any part or all of the costs of the public facilities described in
11 Section 1 of this Act, and to borrow money and incur indebtedness for those purposes,
12 at one time or from time to time, in an amount not exceeding, in the aggregate,
13 \$28,500,000 and to evidence such borrowing by the issuance and sale upon its full
14 faith and credit of general obligation bonds in like par amount, which may be issued
15 at one time or from time to time, in one or more groups or series, as the County may
16 determine.

17 SECTION 3. AND BE IT FURTHER ENACTED, That the bonds shall be issued
18 in accordance with a resolution of the County, which shall describe generally the
19 construction, improvement, or development of public facilities for which the proceeds
20 of the bond sale are intended and the amount needed for those purposes. The County
21 shall have and is hereby granted full and complete authority and discretion in the
22 resolution to fix and determine with respect to the bonds of any issue: the
23 designation, date of issue, denomination or denominations, form or forms, and tenor
24 of the bonds; the rate or rates of interest payable thereon, or the method of
25 determining the same, which may include a variable rate; the date or dates and
26 amount or amounts of maturity, which need not be in equal par amounts or in
27 consecutive annual installments, provided only that no bond of any issue shall mature
28 later than 30 years from the date of its issue; the manner of selling the bonds, which
29 may be at either public or private sale, for such price or prices as may be determined
30 to be for the best interests of Carroll County; the manner of executing and sealing the
31 bonds, which may be by facsimile; the terms and conditions, if any, under which bonds
32 may be tendered for payment or purchase prior to their stated maturity; the terms or
33 conditions, if any, under which bonds may or shall be redeemed prior to their stated
34 maturity; the place or places of payment of the principal of and the interest on the
35 bonds, which may be at any bank or trust company within or without the State of
36 Maryland; covenants relating to compliance with applicable requirements of federal
37 income tax law, including (without limitation) covenants regarding the payment of
38 rebate or penalties in lieu of rebate; covenants relating to compliance with applicable
39 requirements of federal or state securities laws; and generally all matters incident to
40 the terms, conditions, issuance, sale, and delivery thereof.

41 The bonds may be made redeemable before maturity, at the option of the County,
42 at such price or prices and under such terms and conditions as may be fixed by the
43 County prior to the issuance of the bonds, either in the resolution or in subsequent
44 resolutions. The bonds may be issued in coupon or in registered form or both, and
45 provision may be made for the registration of the principal only, or of both principal
46 and interest, of bonds having coupons attached, and for the reconversion of bonds into

1 coupon form if any bond has been registered as to both principal and interest. In case
2 any officer whose signature appears on any bond or on any coupon attached thereto
3 ceases to be such officer before the delivery thereof, such signature shall nevertheless
4 be valid and sufficient for all purposes as if he had remained in office until such
5 delivery. The bonds and the issuance and sale thereof shall be exempt from the
6 provisions of Sections 9, 10, and 11 of Article 31 of the Annotated Code of Maryland.

7 The County may enter into agreements with agents, banks, fiduciaries,
8 insurers, or others for the purpose of enhancing the marketability of any security for
9 the bonds and for the purpose of securing any tender option that may be granted to
10 holders of the bonds, all as may be determined and presented in the aforesaid
11 resolution, which may (but need not) state as security for the performance by the
12 County of any monetary obligations under such agreements the same security given
13 by the County to bondholders for the performance by the County of its monetary
14 obligations under the bonds.

15 If the County determines in the resolution to offer any of the bonds by
16 solicitation of competitive bids at public sale, the resolution shall fix the terms and
17 conditions of the public sale and shall adopt a form of notice of sale, which shall
18 outline the terms and conditions, and a form of advertisement, which shall be
19 published in one or more daily or weekly newspapers having a general circulation in
20 the County and which may also be published in one or more journals having a
21 circulation primarily among banks and investment bankers. At least one publication
22 of the advertisement shall be made not less than 10 days before the sale of the bonds.

23 Upon delivery of any bonds to the purchaser or purchasers, payment therefor
24 shall be made to the Treasurer of Carroll County or such other official of Carroll
25 County as may be designated to receive such payment in a resolution passed by the
26 County before such delivery.

27 SECTION 4. AND BE IT FURTHER ENACTED, That the net proceeds of the
28 sale of bonds shall be used and applied exclusively and solely for the acquisition,
29 construction, improvement, or development of public facilities for which the bonds are
30 sold. If the amounts borrowed shall prove inadequate to finance the projects described
31 in the resolution, the County may issue additional bonds with the limitations hereof
32 for the purpose of evidencing the borrowing of additional funds for such financing,
33 provided the resolution authorizing the sale of additional bonds shall so recite, but if
34 the net proceeds of the sale of any issue of bonds exceed the amount needed to finance
35 the projects described in the resolution, the excess funds so borrowed and not
36 expended shall be applied to the payment of the next principal maturity of the bonds
37 or to the redemption of any part of the bonds which have been made redeemable or to
38 the purchase and cancellation of bonds, unless the County shall adopt a resolution
39 allocating the excess funds to the acquisition, construction, improvement, or
40 development of other public facilities as defined and within the limits set forth in this
41 Act.

42 SECTION 5. AND BE IT FURTHER ENACTED, That the bonds hereby
43 authorized shall constitute, and they shall so recite, an irrevocable pledge of the full
44 faith and credit and unlimited taxing power of the County to the payment of the

1 maturing principal of and interest on the bonds as and when they become payable. In
2 each and every fiscal year that any of the bonds are outstanding, the County shall
3 levy or cause to be levied ad valorem taxes upon all the assessable property within the
4 corporate limits of the County in rate and amount sufficient to provide for or assure
5 the payment, when due, of the principal of and interest on all the bonds maturing in
6 each such fiscal year and, in the event the proceeds from the taxes so levied in any
7 such fiscal year shall prove inadequate for such payment, additional taxes shall be
8 levied in the succeeding fiscal year to make up any such deficiency. The County may
9 apply to the payment of the principal of and interest on any bonds issued hereunder
10 any funds received by it from the State of Maryland, the United States of America,
11 any agency or instrumentality thereof, or from any other source, if such funds are
12 granted for the purpose of assisting the County in financing the acquisition,
13 construction, improvement, or development of the public facilities defined in this Act
14 and, to the extent of any such funds received or receivable in any fiscal year, the taxes
15 that are required to be levied may be reduced accordingly.

16 SECTION 6. AND BE IT FURTHER ENACTED, That the County is further
17 authorized and empowered, at any time and from time to time, to issue its bonds in
18 the manner herein above described for the purpose of refunding, by payment at
19 maturity or upon purchase or redemption, any bonds issued hereunder. The validity
20 of any such refunding bonds shall in no way be dependent upon or related to the
21 validity or invalidity of the obligations so refunded. The powers herein granted with
22 respect to the issuance of bonds shall be applicable to the issuance of refunding bonds.
23 Such refunding bonds may be issued by the County for the purpose of providing it
24 with funds to pay any of its outstanding bonds issued hereunder at maturity, for the
25 purpose of providing it with funds to purchase in the open market any of its
26 outstanding bonds issued hereunder, prior to the maturity thereof, or for the purpose
27 of providing it with funds for the redemption prior to maturity of any outstanding
28 bonds issued hereunder which are, by their terms, redeemable, for the purpose of
29 providing it with funds to pay interest on any outstanding bonds issued hereunder
30 prior to their payment at maturity of purchase or redemption in advance of maturity,
31 or for the purpose of providing it with funds to pay any redemption or purchase
32 premium in connection with the refunding of any of its outstanding bonds issued
33 hereunder. The proceeds of the sale of any such refunding bonds shall be segregated
34 and set apart by the County as a separate trust fund to be used solely for the purpose
35 of paying the purchase or redemption prices of the bonds to be refunded.

36 SECTION 7. AND BE IT FURTHER ENACTED, That the County may, prior to
37 the preparation of definitive bonds, issue interim certificates or temporary bonds,
38 with or without coupons, exchangeable for definitive bonds when such bonds have
39 been executed and are available for such delivery, provided, however, that any such
40 interim certificates or temporary bonds shall be issued in all respects subject to the
41 restrictions and requirements set forth in this Act. The County may, by appropriate
42 resolution, provide for the replacement of any bonds issued hereunder which shall
43 have become mutilated or lost or destroyed upon such conditions and after receiving
44 such indemnity as the County may require.

45 SECTION 8. AND BE IT FURTHER ENACTED, That any and all obligations
46 issued pursuant to the authority of this Act, their transfer, the interest payable

1 thereon, and any income derived therefrom in the hands of the holders thereof from
2 time to time (including any profit made in the sale thereof) shall be and are hereby
3 declared to be at all times exempt from State, county, municipal, or other taxation of
4 every kind and nature whatsoever within the State of Maryland. Nothing in this Act
5 shall prevent the County from authorizing the issuance and sale of bonds the interest
6 on which is not excludable from gross income for federal income tax purposes.

7 SECTION 9. AND BE IT FURTHER ENACTED, That the authority to borrow
8 money and issue bonds conferred on the County by this Act shall be deemed to provide
9 an additional and alternative authority for borrowing money and shall be regarded as
10 supplemental and additional to powers conferred upon the County by other laws and
11 shall not be regarded as in derogation of any power now existing; and all Acts of the
12 General Assembly of Maryland heretofore passed authorizing the County to borrow
13 money are hereby continued to the extent that the powers contained in such Acts have
14 not been exercised, and nothing contained in this Act may be construed to impair, in
15 any way, the validity of any bonds that may have been issued by the County under the
16 authority of any said Acts, and the validity of the bonds is hereby ratified, confirmed,
17 and approved. This Act, being necessary for the welfare of the inhabitants of Carroll
18 County, shall be liberally construed to effect the purposes hereof. All Acts and parts of
19 Acts inconsistent with the provisions of this Act are hereby repealed to the extent of
20 such inconsistency.

21 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 June 1, 1999.